

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	24,748		24,748	
CASH FUNDS	51,304		0	
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>76,052</b>		<b>24,748</b>	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB467 amends the Nebraska State Patrol Retirement Act and creates a second tier of benefits for officers who become members on or after July 1, 2015. The changes for the second tier of benefits are as follows.

1. The contribution rates for new officers and the state will be 18% versus the current 16%.
2. The maximum cost-of-living adjustment (COLA) will be 1% unless the plan is 100% funded. If 100% funded the Public Employees Retirement Board may grant a COLA of up to an additional 1.5%. Currently officers receive a maximum COLA of 2.5%.
3. The final compensation calculation will be averaged over 5 years of highest salary versus the current 3 years.

In addition, after July 1, 2020, officers who enter the DROP will be required to continue to make their required contributions to the plan. Currently officers who enter the DROP make no contributions.

The Nebraska Public Employees Retirement System (NPERS) indicates one-time costs as follows.

1. One-time cost for computer programming at \$31,304.
2. One-time costs for educational and training materials at \$3,000.
3. One-time cost for an actuarial study to determine the impact on the funding status of the plan with the second tier changes at \$17,000.

NPERS also indicates the possibility of other on-going costs with managing a second tier when it is fully operational.

The Nebraska State Patrol estimates an on-going cost of \$24,748 for the increase in the employer's contribution from 16% to 18% for officers who become members on or after July 1, 2015.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 467	AM:	AGENCY/POLT. SUB: Neb. Public Employee Retirement Systems	
REVIEWED BY: Gary Bush		DATE: 1/27/15	PHONE: 471-4161
COMMENTS: The estimate of costs to implement the bill appears to be reasonable.			

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 467	AM:	AGENCY/POLT. SUB: Neb. State Patrol	
REVIEWED BY: Gary Bush		DATE: 1/28/15	PHONE: 471-4161
COMMENTS: The estimate of impact to the State Patrol appears to be reason.			

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 467**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Public Employee Retirement Systems (NPERs)

Prepared by: <sup>(3)</sup> Randy Gerke

Date Prepared: <sup>(4)</sup> 1/26/2015

Phone: <sup>(5)</sup> (402) 471-9495

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$51,303.75	_____	0	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$51,303.75</u>	_____	<u>0</u>	_____

Explanation of Estimate: LB 467 would change the Patrol plan. It would change the benefit calculation method for new hires, change the contribution rates for new hires and change the cost of living adjustments for new hires. It also changes provisions for the Deferred Retirement Option Plan (DROP). Members that enter DROP after 7/1/20 would be required to make contributions into the Patrol Retirement Plan. This creates a second tier for the Patrol plan.

There would be one time operational costs to the plan of \$31,303.75 for computer programming of this 2<sup>nd</sup> benefit tier. (OCIO Programmer \$79.25 x 395 hours)

Included in this fiscal note is \$3,000 for educational and training materials.

There would also be an actuarial study needed to determine the impact to the plan for the change in provisions of this bill. This would result in a one-time cost of \$17,000.

There will be ongoing costs to maintain a separate tier for this plan when the separate tier becomes fully operational with many members.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16 EXPENDITURES</u>	<u>2016-17 EXPENDITURES</u>
	<u>15-16</u>	<u>16-17</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	\$51,303.75	0
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>\$51,303.75</u>	<u>0</u>

Please complete ALL (5) blanks in the first three lines.

**2015**

**LB<sup>(1)</sup> 467**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska State Patrol

Prepared by: <sup>(3)</sup> Carol Aversman

Date Prepared: <sup>(4)</sup> 1/26/2015

Phone: <sup>(5)</sup> 402-471-4545

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$24,748	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$24,748</b>	<b>\$0</b>

**Explanation of Estimate:**

LB 467 includes a provision for each officer who commences service on or after July 1, 2015 to increase the amount of the retirement contribution assessed against the Nebraska State Patrol's appropriation in the amount of 2%. The Bill increases the provision from 16% to 18% of the officer's monthly compensation. The State Patrol anticipates that as a result of the retirement of officers currently enrolled in the NSP Drop Program, 20 individuals will retire between now and 6/30/2017. Additionally, the State Patrol currently has 6 vacancies. Accordingly, the estimate provided is the additional 2% of a beginning Trooper's Rate of Pay and estimated overtime for 25 officers that would commence service after 7/1/2015.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	\$0	\$24,748
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	<b>\$0</b>	<b>\$24,748</b>